



April 3, 2018

VIA HAND DELIVERY

Mr. Andrew Maurey, Director
Division of Accounting and Finance
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

RECEIVED
FLORIDA PUBLIC SERVICE
COMMISSION
2018 APR -3 PM 3:27
DIVISION OF
ACCOUNTING & FINANCE

**Re: Florida Public Utilities Company (Electric and Gas Divisions) 4th Quarter/Year End
2017 Surveillance Reports**

Dear Mr. Maurey:

In accordance with Rules 25-6.1352(3) and 25-7.1352(3), F.A.C., Florida Public Utilities Company and the Florida Division of Chesapeake Utilities Corporation hereby submits the original and four copies of the required Year End Earnings Surveillance Reports for 2017.

As always, please don't hesitate to let me know if you have any questions whatsoever.

Sincerely,

Beth Keating
Gunster, Yoakley & Stewart, P.A.
215 South Monroe St., Suite 601
Tallahassee, FL 32301
(850) 521-1706

cc: Bart Fletcher

FLORIDA PUBLIC UTILITIES COMPANY
 NATURAL GAS
 RATE OF RETURN REPORT SUMMARY
 For the 12 Months Ending December 31, 2017

SCHEDULE 1

	(1) ACTUAL PER BOOKS	(2) FPSC ADJUSTMENTS	(3) FPSC ADJUSTED	(4) PRO FORMA ADJUSTMENTS	(5) PRO FORMA ADJUSTED
I. AVERAGE RATE OF RETURN (JURISDICTIONAL)					
NET OPERATING INCOME	\$ 11,141,974	\$ (261,756)	\$ 10,880,218	\$ 1,139,748	\$ 12,019,966
AVERAGE RATE BASE	\$ 228,031,392	\$ 613,048	\$ 228,644,440	\$ (25,454,421)	\$ 203,190,019
AVERAGE RATE OF RETURN	4.89%		4.76%		5.92%
II. YEAR-END RATE OF RETURN (JURISDICTIONAL)					
NET OPERATING INCOME	\$ 11,141,974	\$ (365,210)	\$ 10,776,764	\$ 1,139,748	\$ 11,916,512
YEAR-END RATE BASE	\$ 227,850,118	\$ 1,262,937	\$ 229,113,055	\$ (24,884,547)	\$ 204,228,508
YEAR-END RATE OF RETURN	4.89%		4.70%		5.83%
III. REQUIRED RATES OF RETURN AVERAGE CAPITAL STRUCTURE (FPSC ADJUSTED BASIS)			IV. EARNED RETURN ON EQUITY (FPSC ADJUSTED BASIS)		
LOW	5.73%		A.	INCL ACQUISITION ADJUSTMENT	7.62%
MIDPOINT	6.17%		B.	EXCL ACQUISITION ADJUSTMENT	10.70%
HIGH	6.60%				

I am aware that Section 837.06, Florida Statutes, provides:

Whoever knowingly makes a false statement in writing with the intent to mislead a public servant in the performance of his official duty shall be guilty of a misdemeanor of the second degree punishable as provided in s. 775.082, s. 775.083, or s. 775.084.

Michael Cassel
 Director - Regulatory Affairs

Michael Cassel
 Signature

4/2/13
 Date

FLORIDA PUBLIC UTILITIES COMPANY
 NATURAL GAS
 AVERAGE RATE OF RETURN
 For the 12 Months Ending December 31, 2017
 RATE BASE

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	PLANT IN SERVICE	ACCUMULATED DEPRECIATION & AMORTIZATION	PLANT IN SERVICE	NET PROPERTY HELD FOR FUTURE USE	CONSTRUCTION WORK IN PROGRESS	NET UTILITY PLANT	WORKING CAPITAL	TOTAL RATE BASE
PER BOOKS	\$ 302,569,505	\$ (75,041,742)	\$ 227,527,764	\$ -	\$ 3,205,513	\$ 230,733,277	\$ (2,701,886)	\$ 228,031,392
FPSC ADJUSTMENTS:								
1) ELIMINATIONS TO NON-UTILITY MATERIALS	\$ -	\$ -	\$ -			\$ -	\$ 373,763	\$ 373,763
2) ELIMINATE GOODWILL	\$ (2,469,682)	\$ -	\$ (2,469,682)			\$ (2,469,682)		\$ (2,469,682)
	\$ -	\$ -	\$ -			\$ -		\$ -
3) ELIM. NON-UTILITY PLANT	\$ (4,085,440)	\$ 1,183,338	\$ (2,902,102)			\$ (2,902,102)		\$ (2,902,102)
4) ELIMINATE UNDER-RECOVERIES	\$ -	\$ -	\$ -			\$ -		\$ -
	\$ -	\$ -	\$ -			\$ -	\$ -	\$ -
5) ELIMINATE DEFERRED ENVIRONMENTAL COSTS						\$ -	\$ 5,611,069	\$ 5,611,069
TOTAL FPSC ADJUSTMENTS	\$ (6,555,122)	\$ 1,183,338	\$ (5,371,784)	\$ -	\$ -	\$ (5,371,784)	\$ 5,984,832	\$ 613,048
FPSC ADJUSTED	\$ 296,014,383	\$ (73,858,403)	\$ 222,155,980	\$ -	\$ 3,205,513	\$ 225,361,493	\$ 3,282,947	\$ 228,644,440
FLEX RATE REVENUES	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
ADJUSTED FOR FLEX RATE REVENUES	\$ 296,014,383	\$ (73,858,403)	\$ 222,155,980	\$ -	\$ 3,205,513	\$ 225,361,493	\$ 3,282,947	\$ 228,644,440
PROFORMA ADJUSTMENTS								
			\$ -			\$ -		\$ -
			\$ -			\$ -		\$ -
ELIM. ACQUISITION ADJUSTMENT	\$ (35,297,727)	\$ 9,843,306	\$ (25,454,421)			\$ (25,454,421)		\$ (25,454,421)
ELIM. REG ASSET-TRNSCTN & TRNSITN CSTS								\$ -
TOTAL PRO FORMA ADJUSTMENTS	\$ (35,297,727)	\$ 9,843,306	\$ (25,454,421)	\$ -	\$ -	\$ (25,454,421)	\$ -	\$ (25,454,421)
PRO FORMA ADJUSTED	\$ 260,716,656	\$ (64,015,097)	\$ 196,701,559	\$ -	\$ 3,205,513	\$ 199,907,072	\$ 3,282,947	\$ 203,190,019

FLORIDA PUBLIC UTILITIES COMPANY
 NATURAL GAS
 YEAR END RATE OF RETURN
 For the 12 Months Ending December 31, 2017
 RATE BASE

SCHEDULE 3
 PAGE 1 OF 2

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	PLANT IN SERVICE	ACCUMULATED DEPRECIATION & AMORTIZATION	PLANT IN SERVICE	NET PROPERTY HELD FOR FUTURE USE	CONSTRUCTION WORK IN PROGRESS	NET UTILITY PLANT	WORKING CAPITAL	TOTAL RATE BASE
PER BOOKS	\$ 313,209,167	\$ (78,242,725)	\$ 234,966,442	\$ -	\$ 1,204,698	\$ 236,171,140	\$ (8,321,022)	\$ 227,850,118
FPSC ADJUSTMENTS:								
1) ELIMINATIONS TO NON-UTILITY MATERIALS	\$ -	\$ -	\$ -			\$ -	\$ 370,260	\$ 370,260
2) ELIMINATE GOODWILL	\$ (2,469,682)	\$ -	\$ (2,469,682)			\$ (2,469,682)		\$ (2,469,682)
	\$ -	\$ -	\$ -			\$ -		\$ -
3) ELIM. NON-UTILITY PLANT	\$ (3,439,800)	\$ 1,191,090	\$ (2,248,710)			\$ (2,248,710)		\$ (2,248,710)
4) ELIM. UNDER-RECOVERIES	\$ -	\$ -	\$ -			\$ -		\$ -
	\$ -	\$ -	\$ -			\$ -	\$ -	\$ -
5) ELIMINATE DEFERRED ENVIRONMENTAL COSTS						\$ -	\$ 5,611,069	\$ 5,611,069
TOTAL FPSC ADJUSTMENTS	\$ (5,909,482)	\$ 1,191,090	\$ (4,718,392)	\$ -	\$ -	\$ (4,718,392)	\$ 5,981,329	\$ 1,262,937
FPSC ADJUSTED	\$ 307,299,685	\$ (77,051,635)	\$ 230,248,050	\$ -	\$ 1,204,698	\$ 231,452,748	\$ (2,339,693)	\$ 229,113,055
COMP RATE ADJ REVENUES	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
ADJUSTED FOR COMP RATE ADJ REVENUE	\$ 307,299,685	\$ (77,051,635)	\$ 230,248,050	\$ -	\$ 1,204,698	\$ 231,452,748	\$ (2,339,693)	\$ 229,113,055
PROFORMA ADJUSTMENTS								
ELIM. ACQUISITION ADJUSTMENT	\$ (35,622,699)	\$ 10,738,152	\$ (24,884,547)			\$ (24,884,547)		\$ (24,884,547)
ELIM. REG ASSET-TRNSCTN & TRNSITN CSTS								\$ -
TOTAL PRO FORMA ADJUSTMENTS	\$ (35,622,699)	\$ 10,738,152	\$ (24,884,547)	\$ -	\$ -	\$ (24,884,547)	\$ -	\$ (24,884,547)
PRO FORMA ADJUSTED	\$ 271,676,986	\$ (66,313,483)	\$ 205,363,503	\$ -	\$ 1,204,698	\$ 206,568,201	\$ (2,339,693)	\$ 204,228,508

FLORIDA PUBLIC UTILITIES COMPANY
 NATURAL GAS
 CAPITAL STRUCTURE
 For the 12 Months Ending December 31, 2017
 FPSC ADJUSTED BASIS

SCHEDULE 4

AVERAGE	ADJUSTMENTS					RATIO (%)	LOW POINT		MIDPOINT		HIGH POINT		
	PER BOOKS	NON-UTILITY	ADJUSTED BOOKS	PRO-RATA	SPECIFIC		BALANCE	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)
COMMON EQUITY	\$ 100,376,743		\$ 100,376,743	\$ 1,698,737	\$ (2,469,682)	\$ 99,605,798	43.56%	9.85%	4.29%	10.85%	4.73%	11.85%	5.16%
LONG TERM DEBT - CU	\$ 35,189,809		\$ 35,189,809	\$ 595,538		\$ 35,785,347	15.65%	4.44%	0.69%	4.44%	0.69%	4.44%	0.69%
SHORT TERM DEBT	\$ 41,278,422		\$ 41,278,422	\$ 698,580		\$ 41,977,002	18.36%	2.09%	0.38%	2.09%	0.38%	2.09%	0.38%
LONG TERM DEBT - FC	\$ 5,310,648		\$ 5,310,648	\$ 89,875		\$ 5,400,523	2.36%	12.25%	0.29%	12.25%	0.29%	12.25%	0.29%
SHORT TERM DEBT - REFINANCED LTD	\$ -		\$ -	\$ -		\$ -	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
CUSTOMER DEPOSITS	\$ 7,805,007		\$ 7,805,007			\$ 7,805,007	3.41%	2.36%	0.08%	2.36%	0.08%	2.36%	0.08%
DEFERRED INCOME TAXES	\$ 38,070,764		\$ 38,070,764			\$ 38,070,764	16.65%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TAX CREDITS - WEIGHTED COST	\$ -		\$ -			\$ -	0.00%	5.65%	0.00%	6.09%	0.00%	6.52%	0.00%
TOTAL AVERAGE	\$ 228,031,392	\$ -	\$ 228,031,392	\$ 3,082,730	\$ (2,469,682)	\$ 228,644,440	100.00%		5.73%		6.17%		6.60%

YEAR-END	ADJUSTMENTS					RATIO (%)	LOW POINT		MIDPOINT		HIGH POINT		
	PER BOOKS	NON-UTILITY	ADJUSTED BOOKS	PRO-RATA	SPECIFIC		BALANCE	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)
COMMON EQUITY	\$ 93,682,985		\$ 93,682,985	\$ 1,937,351	\$ (2,469,682)	\$ 93,150,654	40.66%	9.85%	4.00%	10.85%	4.41%	11.85%	4.82%
LONG TERM DEBT - CU	\$ 33,573,447		\$ 33,573,447	\$ 694,294		\$ 34,267,741	14.96%	4.10%	0.61%	4.10%	0.61%	4.10%	0.61%
SHORT TERM DEBT	\$ 47,927,450		\$ 47,927,450	\$ 991,133		\$ 48,918,583	21.35%	1.60%	0.34%	1.60%	0.34%	1.60%	0.34%
LONG TERM DEBT - FC	\$ 5,311,520		\$ 5,311,520	\$ 109,841		\$ 5,421,361	2.37%	12.15%	0.29%	12.15%	0.29%	12.15%	0.29%
SHORT TERM DEBT - REFINANCED LTD	\$ -		\$ -	\$ -		\$ -	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
CUSTOMER DEPOSITS	\$ 7,958,442		\$ 7,958,442			\$ 7,958,442	3.47%	2.31%	0.08%	2.31%	0.08%	2.31%	0.08%
DEFERRED INCOME TAXES	\$ 39,396,274		\$ 39,396,274			\$ 39,396,274	17.20%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TAX CREDITS - WEIGHTED COST	\$ -		\$ -			\$ -	0.00%	5.24%	0.00%	5.65%	0.00%	6.06%	0.00%
TOTAL YEAR-END	\$ 227,850,118	\$ -	\$ 227,850,118	\$ 3,732,619	\$ (2,469,682)	\$ 229,113,055	100.00%		5.32%		5.73%		6.14%